

VIRGINIA DEPARTMENT OF HEALTH (VDH)
 OFFICE OF DRINKING WATER (ODW)
 FINANCIAL AND CONSTRUCTION ASSISTANCE PROGRAMS (FCAP)

RETURN APPLICATION TO:
 Office of Drinking Water /VDH
 109 Governor Street, 6th Floor
 Richmond, VA 23219
 (Voice: 804-864-7501)
 (FAX: 804-864-7521)

Note: Submit two complete and signed applications and two copies of all required attachments

APPLICATION FOR REFINANCE FUNDS

Application also available at: <http://www.vdh.virginia.gov/odw/financial/dwfundingprogramdetails.htm>

Incomplete information may result in the delay or rejection of the application request.

If approved the refinance will be for the same final maturity up to a 20 year loan at the core term interest which is set at closing but has historically been around 1.5 to 2.4%. VDH reserves the right to offer a 30 year if the waterworks meets certain disadvantaged criteria. The Safe Drinking Water Act allows the DWSRF to provide for extended term loans to disadvantaged communities provided that the loan terminates no later than the date that is 30 years after the date of the project completion and does not exceed the expected design life of the project.

PRE-SCREENING REQUIREMENTS FOR REFINANCING DEBT:

If you answer **YES** to any of these questions; **STOP** as you are not eligible to apply for Refinance funds.

- 1. Have you been debarred or suspended from applying for state or federal funds? Yes No
- 2. Is your waterworks state, federally, tribally, or privately owned? Yes No
- 3. Is your waterworks classified as a Non-community Waterworks (i.e. NTNC or TNC)? Yes No

OTHER REQUIREMENTS – The following questions pertain to the construction debt being refinanced:

If you answer **NO** to any of these questions; **STOP** as the funding request appears to be ineligible or your application needs to be revised.

- 4. If the debt was incurred for projects in addition to the construction of drinking water infrastructure can the drinking water portion be readily allocated with supporting documentation? Yes No
- 5. Is the debt pre-payable or current callable? Yes No
- 6. Was the debt incurred for DW construction with a construction initiation date after July 1, 1993? N/A, Unsure Yes No
- 7. If construction was initiated after October 30, 2009; were Davis-Bacon Wage requirements incorporated into the construction? N/A, Unsure Yes No
- 8. If plans and specs were approved after January 16, 2014; were American Iron and Steel or Buy American requirements incorporated into the construction? N/A, Unsure Yes No

SECTION A – ORGANIZATIONAL AND CONTACT INFORMATION

Legal Owner of Waterworks or Authorized Agent

- a. Name: _____
- b. Address: _____
Street Address/P.O. Box Town/City State ZIP
- c. Contact Person: _____
- d. Telephone Number: _____ Alternate Number: _____
- e. FAX Number: _____ E-mail Address: _____
- f. Federal DUNS #: _____

SECTION B – APPLICATION CERTIFICATION

The undersigned representative of the applicant certifies that the information contained herein and the attached statements and exhibits are true, correct, and complete to the best of their knowledge and belief. The undersigned agrees to clarify or supplement information pertaining to this application upon request. The undersigned recognizes that the information contained herein may be subject to state Freedom of Information Act requirements. **The undersigned acknowledges that a part of any interest required on a closed loan can be used by VDH to support the drinking water program.**

Owner or Chief Administrative Officer of Waterworks:

NAME and TITLE: _____

ORGANIZATION: _____

SIGNATURE : _____ DATE: _____

SECTION C – DEBT REFINANCING INFORMATION

The Drinking Water loan can only be used to pay outstanding principal amount of the indebtedness to be refinanced plus reasonable financing expenses and the loan must be pre-payable or currently callable.

1. Refinance Funding for Drinking Water Infrastructure Debt

Amount of debt eligible for refinance (principal only)	\$ _____
Other eligible costs (e.g. Bond Counsel)	\$ _____
VDH loan closing costs (assumed)*	\$ _____ 6,000
Total Amount of VDH funding assistance needed	\$ _____

*VDH reserves the right to apply a closing fee of \$6,000 for all applicable loan offers to defray the cost of this service. The \$6,000 may be included in the principal of the loan. If VDH determines a loan closing fee does not apply it will be eliminated from the final budget.

2. Existing final maturity and desired final maturity: _____

3. Type of security applicant anticipates giving for the loan: *[Check All Appropriate Type(s)]*

- Pledge of Revenue of the Water System Only.
- Pledge of Revenue of Water and Sewer System.
- General Obligation of the Locality.
- Other – Describe: _____

SECTION D PROJECT DATA The following information will be used to determine the life of the loan and refers to the drinking water project that was funded with the original debt.

1. Project Completion Date: _____

2. Design Life of the Project (years): _____

SECTION E MEDIAN HOUSEHOLD INCOME (MHI)

The following information will be used to determine disadvantaged community status. Use the census block or latest update for county/city/towns (<http://factfinder.census.gov>). If you have an income survey, attach the results to this application.

1. Median Household Annual Income (MHI) of service area \$ _____/year

SECTION F WATER USAGE AND RATES:

1. What is the current monthly average number of gallons of water used per residential connection? _____ gallons/month.
 Use total annual gallons billed for in-town residential customers divided by 12 months and divided by the total number of in-town residential customers.

2. Using the current rate structure (in-town, if applicable) for residential customers apply it to the average monthly residential water usage to derive the average monthly user rate =

Average Monthly Residential Water User Rate = \$ _____ /month This is your **Water User Rate**.

3. When were water rates last increased or adjusted? _____

4. Determine Target User Rates:

Target user rates are set as a percent of Median Household Income (MHI). The annual MHI utilized for a project is to be based upon the latest census figures or latest update for the city, town or county in which the waterworks is located. Multiply by 0.01 (or 1%) and divide by 12 months to get the monthly target rate.

MHI (from item Section E, 1. Above) = \$ _____ x 0.01 = \$ _____ /month. This is your **Target User Rate**.
 (12 months/year)

5. Evaluate Current Rate Structure:

Does the value in Item 6 (water user rate) equal or exceed the value in item 4 (target user rate), above?

Yes No

If you answered “Yes” your waterworks/project may qualify as Disadvantaged. However rate increases/adjustments may be required to meet debt obligations or pass a VRA credit review.

6. Provide the percent of water loss within the system. Unbilled authorized consumption (e.g. firefighting) should be excluded.

Water losses as a percentage of total production. = _____%

- This percentage includes: Real water losses (Physical losses from leaks/bursts in the distribution lines and tank overflows)
 Apparent water losses (includes metering inaccuracies and unauthorized usage [theft/illegal use])

SECTION G – REQUIRED ATTACHMENTS: Please label your attachments with corresponding numbers (i.e. G-1, G-2, etc.).

1. Outstanding debt amount and with whom. Include origination date(s) of the debt obligation(s) to be refinanced.
2. Estimated Refinance savings. Use the net present value savings of the existing debt minus the potential refinance debt. Assume a level debt service schedule with semi-annual payments at an interest rate of 2.2% for 20 years or shorter to match the existing final maturity date. The first payment will be six months after loan closing and should occur within 12 months of application submittal. If you have difficulty calculating this savings, please contact VDH.
3. Controlling Board Authorization or Owner’s Letter identifying Agent Authorized to make application to the DWSRF.
4. One copy of the latest interim (unaudited) financial statement.
5. One copy of the current year budget.
6. One copy each of the five most recent annual audits. If the applicant has existing debt held by VRA and audit submittals are current, it is not necessary to submit. This item may be submitted in PDF format on a CD provided 2 copies of the CD are submitted.
7. One copy of the bond and loan agreement to be refinanced.
8. One copy of your current rate structure.